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FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/08
 SPONSOR SCORC LAST UPDATED 2/13/08 HB _____
 SHORT TITLE Additional Local Liquor Counties SB CS/164/aHTRC
 ANALYST Francis

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
		\$249.0	Recurring	Local Government
		(\$249.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Response Received From

NM Association of Counties

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amended the Senate Corporations and Transportation Committee substitute for Senate Bill 164 decreasing the monthly distribution to \$20,750. This amendment changes the fiscal impact to \$249,000.

Synopsis of SCORC Substitute

The Senate Corporations and Transportation Committee substitute for Senate Bill 164 adds a distribution of the liquor excise tax revenues to a Class A county with a population of 30,000 to 60,000 according to the most recent decennial census. The distribution is to be used for alcohol treatment and rehabilitation services for street inebriates. The distribution is a monthly distribution of \$41.5 thousand.

The new distribution is effective for revenue earned on a modified accrual basis from July 1, 2009 forward.

Synopsis of Original Bill

Senate Bill 164 amends the local liquor excise tax act [7-24-9 NMSA 1978] to include Class A counties with greater than 100,000 people and less than 128,000 people as enumerated in the 2000 census and any future census and with a property value between \$4 million and \$5 million.

The effective date is July 1, 2008.

FISCAL IMPLICATIONS

The general fund will bear the cost of the monthly distribution of \$20,750 that will now go to Farmington. The table below shows the current and new distributions:

	Current Distribution	SB164/CS/aHTRC
FY10 Projection	45,547,692	45,547,692
DFA - Local DWI Grant Program	2,500,000	2,500,000
Alcohol Detoxification and Treatment		
Bernalillo	1,700,000	1,700,000
San Juan	300,000	300,000
Santa Fe	300,000	300,000
Rio Arriba	200,000	200,000
Sandoval	150,000	150,000
Socorro	150,000	150,000
DFA - Interlock Devices	300,000	300,000
Counties by Formula	13,302,292	13,302,292
Farmington		249,000
General Fund	26,645,400	26,396,400

SIGNIFICANT ISSUES

Only Farmington in San Juan County fits the definition added by this bill. In 2000, the municipality had 37,844 people and San Juan is one of four Class A Counties.

The NM Association of Counties reports that the DWI funding for local government was increased significantly last year (House Bill 266 2007 Session). San Juan County should have gotten an additional \$146 thousand from the new distribution.

DFA (analysis from original SB164 but still valid for SCORC substitute):

The level of alcohol and drug abuse is high in San Juan County and current funds may not be adequate to address these issues. According to TSB data San Juan ranks in the top 5 for fatal and injury DWI crashes in the state. San Juan County currently receives

funding to address alcohol and drug prevention. This includes over one million dollars from LDWI fund, \$485,000 in special appropriation for a Meth project plus other local, state and federal funds.

Studies and research indicate (www.alcoholtaxincrease.org) that raising taxes on the sale of alcohol decreases alcohol consumption especially among youth. This strategy is supported by research as one of the most effective means to reduce DWI and alcoholism. New Mexico has not increased the alcohol excise tax rates since 1993. This proposed change in law could reduce alcohol use in San Juan County.

The City of Farmington recently passed a resolution to support this legislation. The City took this action in response to public requests for more services to address DWI and alcohol and drug abuse in the area.

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